

**STATEMENT OF BASIS AND PURPOSE AND STATEMENT OF EMERGENCY
FOR AMENDMENT OF THE DEPARTMENT OF PERSONNEL AND
ADMINISTRATION**

Division of Risk Management

1 CCR 105-1

The Executive Director's authority to adopt risk management rules is provided by section 24-30-1505 C.R.S (2003).

Pursuant to section 24-4-103(6), C.R.S. (2003), the Executive Director finds that immediate adoption of the procedure is imperatively necessary to comply with House Bill 04-1009 and for the preservation of public health, safety, or welfare, and that compliance with the requirements of section 24-4-103, C.R.S. (2003) would be contrary to the public interest.

In 1985 the general assembly created the Division of Risk Management charged with providing general liability, automobile liability, workers' compensation and property insurance services for state properties and state employees. At the present, except for the University of Colorado systems (CU systems), all state agencies and institutions of higher education are included under Risk Management's three funds (liability, property and worker's compensation), and receive loss control services under the auspices of those programs.

House Bill B 04 1009 was passed effective July 1, 2004, and allows institutions of higher education to opt out of the entire Risk Management program (property, liability and workers' compensation). Given the risk management allocation process, the Department of Personnel and Administration must determine all state agencies' and other higher education institutions' allocations at least 12 months prior to the start of the fiscal year for which the budget and associated allocations are effective. In order to ensure an orderly process consistent with budgetary and appropriation requirements while ensuring that the state will have sufficient funding for the Risk Management program, emergency rules are necessary to give notice of the exact process to be followed in opting out of the Risk Management Program.

Pursuant to section 24-4-103(4)(b), C.R.S. (2003), the Executive Director also finds that: (1) there is a demonstrated need for the procedure; (2) the proper statutory authority exists for the procedure; (3) to the extent practicable, the procedure is clearly and simply stated so that its meaning will be understood by any party required to comply with the procedure; (4) the procedures does not conflict with other provisions of law, and (5) any duplication or overlap of regulations has been explained by the agency.

Adopted on June 30, 2004, this procedure shall be effective on June 30, 2004.

Jeffrey M. Wells
Executive Director